

LOCAL TAX REVENUES GENERATED BY WISCONSIN COASTAL ENERGY FACILITIES

December 1982

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Prepared by Robert Halstead
for the

WISCONSIN COASTAL MANAGEMENT PROGRAM

LOCAL TAX REVENUES GENERATED BY
WISCONSIN COASTAL ENERGY FACILITIES

Prepared by:
Robert Halstead

Bureau of Coastal Management
Wisconsin Department of Administration

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State of Wisconsin Department of Administration

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Anthony S. Earl
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Mailing Address:
Post Office Box 7868
Madison, WI 53707

February 24, 1983

Dear Friend:

Enclosed is a copy of Local Tax Revenues Generated By Wisconsin Coastal Energy Facilities, a study recently completed by the Wisconsin Coastal Management Program.

We believe the study is timely in light of anticipated reductions in federal funding for coastal energy impacts. We hope the study will assist coastal planners in evaluating the extent to which direct taxes on energy facilities may be used for financing impact mitigation measures.

The report documents the amount of revenues generated for municipal and county governments by specific types of energy facilities. The major source of such revenues are utility shared tax payments to counties and municipalities hosting major electric generating stations, totalling \$4.9 million in 1981. Property and occupational taxes on coal transshipment facilities were the second largest source of payments, providing approximately \$1.3 million to counties and municipalities in 1981.

We welcome your comments on the report. Please direct correspondence to the author, Robert Halstead, Coastal Energy Impact Coordinator, P.O. Box 7868, Madison, WI 53707.

Respectfully,

Allen H. Miller
Program Manager
Bureau of Coastal Management

AHM:BH:ry/2840Q-2/d

Enclosure

LOCAL TAX REVENUES GENERATED BY
WISCONSIN COASTAL ENERGY FACILITIES

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Executive Summary

Wisconsin coastal energy facilities provide revenue to municipal and county governments through utility shared taxes, property taxes, and occupational taxes. Electric generating stations are subject to utility property taxes collected by the state, and are exempt from the local property tax levies to which other energy facilities are subject. Coal docks and petroleum refineries are subject to special occupational taxes.

The major source of tax revenues generated by coastal energy facilities are utility shared tax payments made to coastal counties and municipalities, totalling \$5.3 million in 1980 and \$4.9 million in 1981.

Local property taxes on coastal energy facilities levied in 1981 (payable in 1982) total about \$1.7 million.

Occupational taxes on coastal coal docks and petroleum refineries totalled \$308,569 in 1981. Of this total, \$235,429 was retained by municipalities; \$48,753 was distributed to counties; and \$24,377 was paid into the state general fund.

Payments to communities from all three tax sources totalled \$4.25 million in 1981. The City of Superior was the largest recipient, with \$1.36 million.

Payments to counties from all three tax sources totalled \$2.65 million in 1981. Kenosha County was the largest recipient, with \$625,607.

1.0 Introduction

The purpose of this report is to identify the state and local taxes applicable to Wisconsin coastal energy facilities and to determine the amount of revenue generated by these taxes. The report focuses upon revenues payable to municipalities and counties through the utility portion of the shared tax formula, occupational taxes, and local property taxes.

The report does not address state income and sales tax effects of the construction and operation of coastal energy facilities.

Summing the payments under each of the three tax categories studied here provides only an approximation of total annual revenue contribution because of different base periods. Because of frequent changes in the utility portion of the shared tax formula, future tax payments to local governments may be less than under the present formula. Utility shared taxes are reported based on actual 1980 and 1981 payments. Local property taxes reported are 1981 levies payable in 1982. Occupational taxes are actual 1981 payments based on 1980 receipts of coal and crude petroleum.

The broader topic of local economic impacts of coastal energy facilities has been previously investigated and reported in the Great Lakes Basin Commission, Energy Facility Siting in the Great Lakes Coastal Zone: Analysis and Policy Options, prepared for the Office of Coastal Zone Management, NOAA, U. S.

Department of Commerce (1977); and D. Muench and R. Halstead, Energy Facility Impacts: A Handbook for Citizens and Local Government Officials, prepared for the Wisconsin Coastal Management Program by Bay-Lake Regional Planning Commission (1981).

2.0 Tax Status of Coastal Energy Facilities

The tax status of Wisconsin coastal energy facilities varies according to the type, ownership, and size or capacity of the facility. The major applicable taxes are ad valorem utility taxes collected and distributed by the state; occupational taxes collected by a municipality and divided between the municipality, the county and the state; and local real estate and personal property taxes levied at the municipal level. The tax status of the most common energy facility types is presented in Table 2.1.

TABLE 2.1

TAX STATUS OF WISCONSIN COASTAL ENERGY FACILITIES

FACILITY TYPE	APPLICABLE TAXES		
	OCCUPATIONAL TAX (STATE)	PROPERTY TAX (LOCAL)	AD VALOREM UTILITY TAX (STATE)
Coal Dock	Yes	Yes	No
Electric Generating Station	No	No	Yes
Pipeline Terminal Facilities	No	Yes	Yes
Petroleum Refinery	Yes	Yes	No
Petroleum Storage	No	Yes	No

Source: Bureau of Coastal Management, Wisconsin Department of Administration

The current inventory of taxable coastal energy facilities is presented in Appendix A. Sixteen electric generating stations, ranging in size from 2 MW to 1690 MW, are located along the coast (see Figure 2.1). Nine of these are coal-fired, one is coal- and wood-fired, two are nuclear, and four are fueled by oil and natural gas. Ten coal docks receive Eastern and Midwestern coal by vessel, and one transshipment terminal receives Western coal by rail for transfer to lake vessels (see Figure 2.2). Three electric utility coal docks (Pullian, Port Washington, and Valley) are considered part of the power plants they serve. Twenty-three petroleum terminals and storage facilities, eight of which receive or ship products by vessel, are located at lake ports, as is Wisconsin's only petroleum refinery.

The greatest concentrations of coastal energy facilities are around the port cities of Green Bay, Milwaukee, and Superior. Coal docks and petroleum facilities are generally clustered in major port areas, as are older electric generating facilities. More recently constructed power plants such as the Kewaunee and Point Beach Nuclear units are located in rural areas.

Figure 2.1

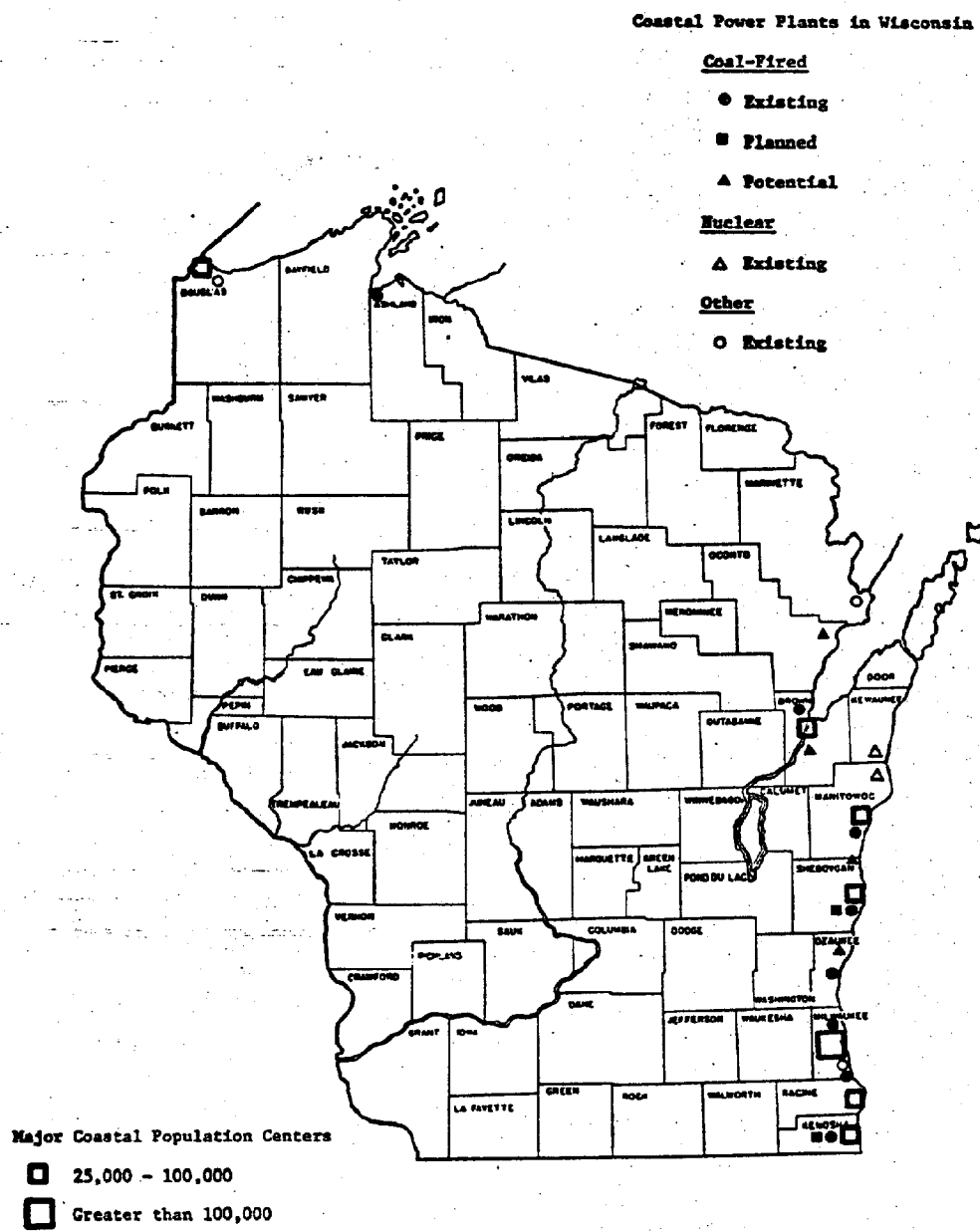
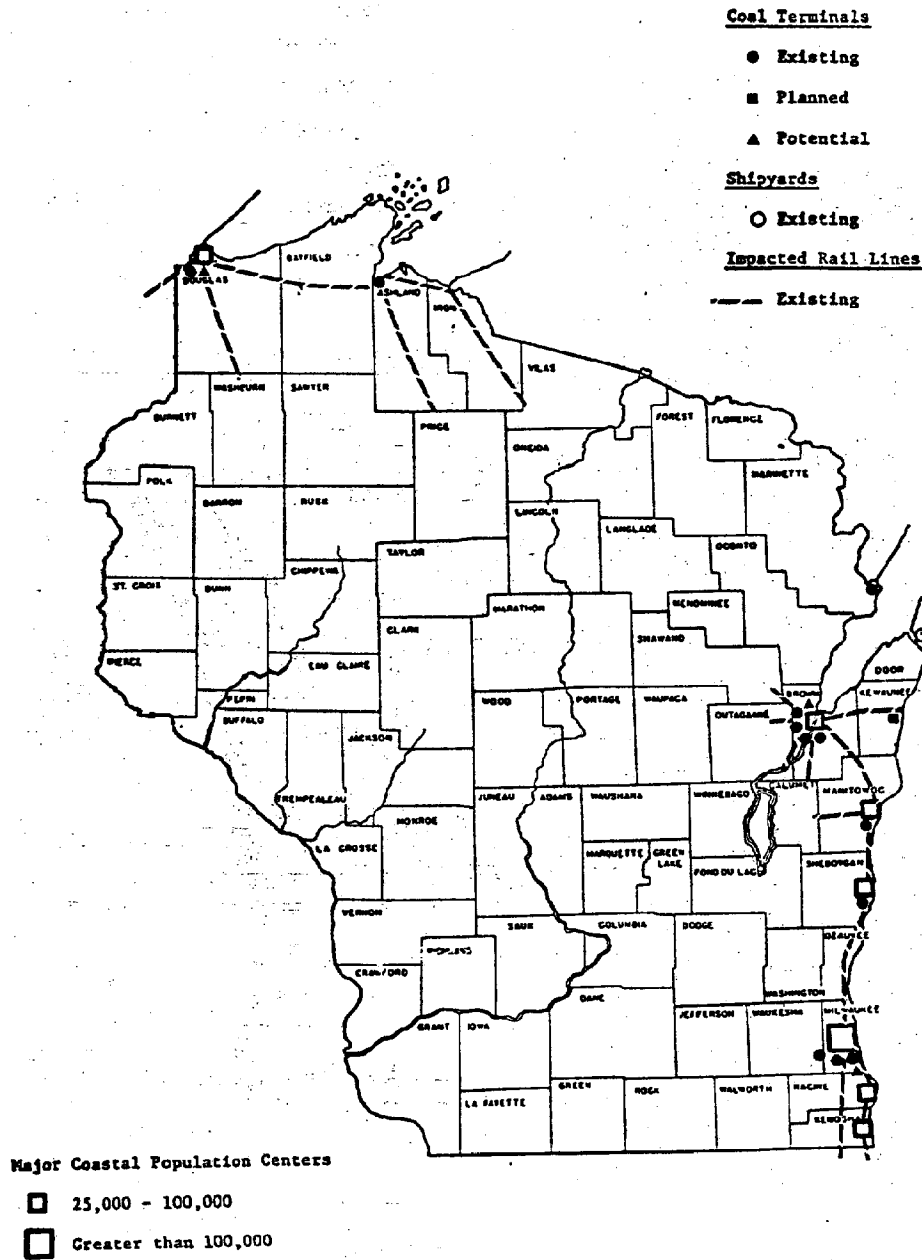


Figure 2.2

Coastal Coal Transportation, Transfer,
and Storage Facilities in Wisconsin



3.0 Utility Shared Taxes

The largest single source of tax revenues generated by coastal energy facilities results from special utility payments under state revenue sharing laws (Chapter 79, Wisconsin Statutes). Under Wisconsin statutes, electric generating plants and associated transmission facilities, pipelines, and some port transportation facilities are exempt from local taxes. These facilities are taxed by the state, and collections accrue to the state's general fund. The state makes payments based on the value of qualifying property to both host and non-host communities, according to a formula established by statute. This discussion will focus upon electric generating stations, since these are by far the greatest source of tax revenues from energy facilities.

The utility shared tax was established by law in 1905, and provided that 85 percent of the tax on utility property be paid to the municipality and the remaining 15 percent to the state. The law was revised in 1917 to include payments to counties, and a 1963 amendment set the distribution formula at 17 percent to the state, 19-1/2 percent to the county and 63-1/2 percent to the municipality.

During the 1950s and 1960s, Wisconsin utilities, like their counterparts across the country, began to construct more and larger electric generating units, located for the most part at sites along Lake Michigan. Coastal locations offered water for once-through cooling systems, waterborne coal transportation, and access to existing transmission networks. This had the effect of concentrating the bulk of the state's electric generating capacity in a few coastal localities. The current inventory of coastal electric

TABLE 3.1
WISCONSIN COASTAL ELECTRIC GENERATING STATIONS

COUNTY	MUNICIPALITY	UNIT	CAPACITY (MW)	FUEL	YEAR INSTALLED	ORIGINAL COST (MILLIONS OF DOLLARS)
Ashland	Ashland	Bay Front	82	Coal, Wood	1941-58	18.0
Brown	Green Bay	Pulliam	383	Coal	1926-64	56.9
Douglas	Superior	Winslow	25	Oil	1942-52	5.1
Kenosha	Pleasant Prairie	Pleasant Prairie 1	570	Coal	1980	368.9
Kenosha	Pleasant Prairie	Pleasant Prairie 2	570	Coal	(1984/5)	--
Kewaunee	Carlton	Kewaunee	535	Nuclear	1974	214.6
Manitowoc	Manitowoc	Manitowoc	69	Coal	1935-64	9.8
Manitowoc	Two Creeks	Point Beach	909	Nuclear, Oil	1970-72	172.5
Marinette	Marinette	W. Marinette	84	Oil, Gas	1971-73	7.0
Milwaukee	Milwaukee	Commerce	35	Coal	1941	5.2
Milwaukee	Milwaukee	Valley	270	Coal	1968-69	50.3
Milwaukee	Oak Creek	N. Oak Creek	500	Coal, Oil	1953-57	93.3
Milwaukee	Oak Creek	S. Oak Creek	1,190	Coal, Oil	1960-66, 1968	166.3
Milwaukee	St. Francis	Lakeside	345	Oil, Gas	1920-30, 1968	32.9
Ozaukee	Port Washington	Port Washington	420	Coal, Oil	1935-50, 1969	56.7
Sheboygan	Sheboygan	Edgewater 3-4	447	Coal	1942-51, 1969	64.0
Sheboygan	Sheboygan	Edgewater 5	400	Coal	(1984/5)	--

Source: Public Service Commission of Wisconsin, Bulletin No. 46 (August, 1981), and Wisconsin Division of State Energy, Department of Administration.

generating stations is presented in Table 3.1. The assessed value of new facilities increased as state utilities began to construct larger coal, and later nuclear, power plants. The trends towards larger and more expensive power plants concentrated at a few sites, coupled with the generous provisions of the utility shared tax law, resulted in the creation of so-called "tax islands", communities in which the utility payments were so great that local property taxes were substantially reduced or eliminated (for example, Two Creeks).

The emergence of these "tax islands" raised concerns about the equity of the utility shared tax distribution formula. A related but seldomly expressed concern involved the fear that electric utilities would capitalize upon localities' desires for tax benefits to reduce opposition to new facilities regardless of the potential environmental impacts, particularly the impacts of proposed nuclear facilities, of which six were planned for construction in the early 1970s. These concerns resulted in substantial revision of the shared utility tax laws.

In 1967, the law was amended to equalize the distribution of revenues between host municipalities, host counties, and the state as a whole. The 1967 amendments also specified minimum and maximum payments to municipalities. Further amendments in 1972, 1975, 1977 and 1978 reduced the level of payments to host municipalities, increased payments to host counties, imposed minimum and maximum per capita payments to receiving jurisdictions, and provided payments to host communities during the construction period of new power plants in recognition of the need for additional public services during construction.

The cumulative affect of these revisions is illustrated by tax payments to major power plant host communities in the Bay-Lake region for the years 1968-1978 (Table 3.2). In 1971, four municipalities in the Bay-Lake region each received an average of more than \$1 million per year. After the 1972 amendments, these payments were substantially reduced in each of the following years. Payments to counties hosting new power plants (Kewaunee, Manitowoc, and Sheboygan) increased significantly in the mid-1970s before gradually tapering off.

Current shared utility taxes on electric generating stations are based on the 1975, 1977 and 1978 amendments. Payments to municipalities and counties for operating power plants are determined by the book value of the plant (which decreases with age); status of the host municipality (village, town, or city); population of the host municipality; and population of the host county. The base payment to towns is 3 mills (a mill is 1/10 of a cent) on each dollar of assessed value up to \$100 million. The base payment to cities and villages is 6 mills on the first \$100 million. The maximum payment to a town, village or city may not exceed \$300.00 per capita. The minimum payment to a municipality for hosting a facility rated at 200 MW or larger is \$75,000.00. Payment to counties is set at 3 mills on the first \$100 million of assessed value for facilities located in cities or villages of the county, and 6 mills for facilities located in towns within a county. The minimum payment to a county hosting a 200 MW or larger power plant is \$75,000. The maximum payment to a county is \$100.00 per capita.

The 1978 amendment provided a sliding scale reduction in payments for power plants constructed prior to 1975. The 1978 payments were guaranteed to be no less than 70% of the 1975 payments. This guaranteed payment figure decreases 10% annually. For municipalities in which power plants were operational in 1975, the final guaranteed payment of 10% will be reached in 1984. There are no guaranteed payments for plants put in operation after 1975.

In addition to payments for operating power plants, the law also provides payments to municipalities and counties during the construction period. The 1975 amendment provided a \$100,000.00 per year payment to the host municipality during each of the first four years after construction commenced, for facilities rated at 250 MW or greater. The 1977 amendment provided the same level of payment annually to counties during the four-year construction period. The construction period payments to both municipalities and counties are exempt from the per capita limitations.

Total special utility tax payments to Wisconsin coastal communities and counties hosting major power plants in 1980 and 1981 averaged about \$5 million per year (see Table 3.3). The largest recipients at the municipal level were the Cities of Milwaukee, Oak Creek, Pleasant Prairie, and Sheboygan; and the Towns of Carlton and Two Creeks. The largest recipients at the county level were Kenosha, Kewaunee, Manitowoc, Milwaukee, and Sheboygan.

Per capita utility shared tax payments for 1980 by municipality and county are presented in Tables 3.4. The Town of Two Creeks received the maximum per capita payment allowed by law, \$300.00 per capita, for a total payment of

TABLE 3.2
UTILITY SHARED TAX REVENUES FOR SELECTED AREAS
IN THE BAY-LAKE REGION
1968-1978

MUNICIPALITY	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
CARLTON (1974)	16,620	79,532	192,568	788,385	46,906 648,392*	468,141 156,709*	568,311 9,524*	333,842	320,100	320,400	300,000
GREEN BAY (1964)	1,195,928	1,274,706	1,290,544	1,461,859	367,906	337,548	303,991	183,481	165,132	146,785	128,437
SHEBOYGAN (1969)	453,779	751,945	934,782	1,294,886	529,724	500,587	484,626	294,349	264,914	235,479	213,710
TWO CREEKS (1970 & 1972)	213,088	636,259	997,512	1,901,574	24,002 360,600*	366,503 340,200*	375,051 263,053*	228,481	205,633	182,785	159,937
COUNTY											
KEWAUNEE	NA	55,974	92,972	280,497	706,678	722,073	1,073,601	972,839	486,420	847,667	603,350
BROWN	NA	440,844	461,776	531,864	241,474	224,034	204,308	196,472	98,236	98,236	70,699
SHEBOYGAN	NA	313,371	380,908	508,822	324,662	307,912	301,277	299,709	149,836	149,836	122,719
MANITOWOC	NA	309,937	429,317	719,579	702,350	731,983	743,482	706,066	353,033	601,762	565,020

* Guarantee Payment
NA - Not Available

Source: David Muench and Robert Halstead, Energy Facility Impacts (1981).

TABLE 3.3

SPECIAL UTILITY PAYMENTS^a TO WISCONSIN COASTAL COMMUNITIES
AND COUNTIES HOSTING MAJOR ELECTRIC GENERATING FACILITIES
1980 AND 1981

COUNTY	COMMUNITY	1980			1981		
		DIRECT PAYMENT TO LOCALITY	DIRECT PAYMENT TO COUNTY	TOTAL PAYMENT TO LOCALITIES AND COUNTY	DIRECT PAYMENT TO LOCALITY	DIRECT PAYMENT TO COUNTY	TOTAL PAYMENT TO LOCALITIES AND COUNTY
Ashland	Ashland	27,888	19,621	47,509	23,939	17,447	41,386
Brown	Green Bay	91,740	75,000	166,740	75,000	75,000	150,000
Douglas	Superior (City)	96,373 ^b	18,379	114,752	77,099 ^b	18,301	95,400
Kenosha	Pleasant Prairie	380,077	717,950	1,098,027	300,064	625,607	925,671
Kewaunee	Carlton	300,000	602,847	902,847	300,000	602,738	902,738
Manitowoc	Manitowoc	4,801	477,802	634,403	4,473	473,652	634,425
	Two Creeks	151,800			156,300		
Marinette	Marinette	1,901	43,854 ^c	45,755	2,033	41,922 ^c	43,955
Milwaukee	Milwaukee	371,793			412,574		
	Oak Creek	601,730	547,129	1,595,652	601,641	564,688	1,653,903
	St. Francis	75,000			75,000		
Ozaukee	Port Washington	82,697	75,000	157,697	75,000	75,000	150,000
Sheboygan	Sheboygan	281,895	209,285	491,180	171,153	102,409	273,562
TOTAL		\$2,467,695	\$2,786,867	\$5,254,562	\$2,274,276	\$2,596,764	\$4,871,040

a- Includes payments based on assessed value of substations, transmission facilities and other related property and equipment.

b- Includes payments based on assessed value of port transportation facilities not related to electric generation.

c- Includes payments based on assessed value of hydroelectric facilities located on Lake Michigan tributaries but situated outside the normally defined coastal management zone.

Source: Bureau of Coastal Management, Wisconsin Department of Administration. Compiled from Bureau of Local Financial Assistance, Division of State and Local Finance, Wisconsin Department of Revenue, Taxes, Aids and Shared Taxes in Wisconsin Municipalities, 1980 (January, 1982), and Notice to City and County Clerks for 1981 Payments (November 16, 1981).

TABLE 3.4

SPECIAL UTILITY PAYMENTS PER CAPITA FOR
SELECTED COASTAL MUNICIPALITIES AND COUNTIES, 1980

<u>MUNICIPALITIES</u>	<u>1980 SPECIAL UTILITY PAYMENTS</u>	<u>1980 POPULATION</u>	<u>1980 \$/CAPITA</u>
Carlton	\$300,000	1,125	\$166.66
Green Bay	91,740	87,120	1.05
Oak Creek	601,730	16,605	36.24
Pleasant Prairie	380,077	12,428	30.58
Port Washington	82,697	8,612	9.60
Sheboygan	281,895	47,566	5.93
Two Creeks	151,800	506	300.00

<u>COUNTIES</u>	<u>1980 SPECIAL UTILITY PAYMENTS</u>	<u>1980 POPULATION</u>	<u>1980 \$/CAPITA</u>
Brown	\$ 75,000	173,070	\$ 0.43
Kenosha	717,950	120,020	5.98
Kewaunee	602,847	19,364	31.13
Manitowoc	477,802	81,744	5.85
Milwaukee	547,129	944,139	0.58
Ozaukee	75,000	66,981	1.12
Sheboygan	209,285	99,657	2.10

Source: Bureau of Coastal Management, Wisconsin Department of Administration.
Compiled from Taxes, Aids and Shared Taxes in Wisconsin
Municipalities, 1980 (January, 1982).

\$151,800.00. The Town of Carlton received the maximum allowable payment to a town, \$300,000.00 per year (3 mills on the first \$100 million assessed value), which represents a per capita payment of \$266.66. Among counties, the highest per capita distribution was to Kewaunee, where the total payment of \$602,847.00 represents \$31.13 per capita.

While successive revisions to the utility shared tax laws during the 1970s have reduced the number and size of "tax islands", the distribution formula still allows substantial benefits to several localities. The most notable examples are the Towns of Carlton and Two Creeks which host nuclear power plants constructed prior to 1975. In 1980, shared utility tax revenues in Two Creeks were sufficient to allow the town to eliminate property taxes. In 1980, special utility payments to the Town of Carlton exceeded local property tax collections by almost \$80,000.00. In prior years, Carlton had been able to dispense with property taxes altogether. In contrast, the \$380,000.00 special utility tax payment to the Town of Pleasant Prairie, site of a major new two-unit, coal-fired generating station equaled about 10% of the total property tax collected.

4.0 Local Property Taxes

Local property taxes on certain types of energy facilities are a major source of revenue in at least one coastal community. Electric generating stations, the most highly assessed coastal energy facilities, are exempt from local taxes. Coal docks, petroleum storage and refineries, and pipeline terminals are subject to local real estate and personal property taxes.

It is difficult to compare the local taxes levied by different communities on coastal energy facilities. Real estate is assessed differently, and taxed at different rates, in different communities. The acreage occupied and value of installed equipment may vary considerably between similar facilities of comparable capacity.

The 1981 property tax levies (payable in 1982) on coastal energy facilities total about \$1.7 million (see Table 4.1). The City of Superior alone accounts for more than \$1.0 million (almost 62 percent of the total), while Milwaukee and Green Bay receive more than a quarter million dollars each. Coal docks account for \$1,051,161 of the total.

The fiscal significance of property taxes on coastal energy facilities varies from community to community (see Table 4.2). In Superior, local taxes on coastal energy facilities comprise more than 10 percent of the total mercantile and residential property levy. In Green Bay, the percentage is 0.7, and in Milwaukee it is 0.1 percent.

TABLE 4.1

LOCAL REAL ESTATE AND PERSONAL PROPERTY TAXES LEVIED
ON COASTAL ENERGY FACILITIES, 1981 (Payable in 1982)

COUNTY	CITY/TOWN	FACILITY NAME	FACILITY TYPE	1981 (PAYABLE 1982) TAX LEVY
Ashland	Ashland	C. Reiss Coal Company	Coal Dock	\$ 18,474
Brown	Green Bay	Amoco Oil Company	Pipeline Terminal Facilities	29,932
	Green Bay	Apex Oil Company (formerly Clark Oil Company)	Pipeline Terminal Facilities	16,237
	Green Bay	Blue Line Coal Company	Coal Dock	17,223
	Green Bay	C. Reiss Coal Company	Coal Dock	45,724
	Green Bay	Cities Service Oil Company	Pipeline Terminal Facilities	14,805
	Green Bay	Green Bay Products Terminal	Pipeline Terminal Facilities	7,917
	Green Bay	Green Bay Terminal, Inc.	Pipeline Terminal Facilities	24,403
	Green Bay	Fort Howard Paper Company	Coal Dock (Motor Street)	39,220*
	Green Bay	Fort Howard Paper Company	Coal Dock (Arndt Street)	3,966
	Green Bay	Fort Howard Paper Company	Pipeline Terminal Facilities	16,784
	Green Bay	Koch Fuels, Inc.	Pipeline Terminal Facilities	22,907
	Green Bay	Mobil Oil Corporation	Pipeline Terminal Facilities	19,075
	Green Bay	U.S. Oil Company, Inc.	Pipeline Terminal Facilities	1,107
	Green Bay	CITY TOTAL		\$259,300
Door	Washington Island	Amoco Oil Company	Petroleum Storage/Transfer	NA
Douglas	Superior	Amoco Oil Company	Pipeline Terminal Facilities	36,253
	Superior	Dome Petroleum	Pipeline Terminal Facilities	157,891
	Superior	Husky Oil Company	Pipeline Terminal Facilities	18,868
	Superior	Lakehead Pipeline Company	Pipeline Terminal Facilities	25,056
	Superior	Murphy Oil Corporation	Petroleum Refinery and Terminal	147,731
	Superior	Superior Midwest Energy Term.	Coal Dock	669,197
	Superior	Union Oil Company of California	Pipeline Terminal Facilities	16,761
	Superior	CITY TOTAL		1,071,757
Manitowoc	Manitowoc	C. Reiss Coal Company	Coal Dock	9,546
	Two Rivers	U.S. Oil Company, Inc.	Petroleum Storage/Transfer	NA
Marinette	Marinette	Marinette Fuel and Dock Co.	Coal Dock	NA
Milwaukee	Milwaukee	Hometown, Inc.	Coal Dock	NA
	Milwaukee	Jacobus Company	Pipeline Terminal Facilities	9,716
	Milwaukee	Marathon Oil Company	Pipeline Terminal Facilities	16,524
	Milwaukee	Milwaukee Solvay Coke Co.	Coal Dock	128,644
	Milwaukee	Mobil Oil Company	Pipeline Terminal Facilities	17,414
	Milwaukee	Schneider Fuel Company	Coal Dock	20,315
	Milwaukee	Scherman Marine Terminal	Petroleum Storage/Transfer	49,797
	Milwaukee	Shell Oil Company	Pipeline Terminal Facilities	25,897
	Milwaukee	Tanco Terminal	Pipeline Terminal Facilities	2,850
	Milwaukee	CITY TOTAL		271,157
Racine	Racine	W.H. Pugh Oil Company	Petroleum Storage/Transfer	7,429
Sheboygan	Sheboygan	C. Reiss Coal Company	Coal Dock	
	Sheboygan	C. Reiss Coal Company	Petroleum Storage/Transfer	98,852
	Sheboygan	CITY TOTAL		98,852
TOTAL				\$1,736,515

SOURCE: Bureau of Coastal Management, Wisconsin Department of Administration. Compiled from personal communications with local assessors.

TABLE 4.2

LOCAL PROPERTY TAX LEVY ON COASTAL ENERGY FACILITIES
 AS PERCENTAGE OF TOTAL LEVY ON BUSINESS AND
 RESIDENTIAL PROPERTY, 1981 (PAYABLE 1982)

	<u>TAX RATE</u> <u>(\$ PER \$1,000</u> <u>ASSESSED VALUE)</u>	<u>TOTAL LEVY ON</u> <u>COASTAL ENERGY</u> <u>FACILITIES</u>	<u>PERCENTAGE</u> <u>OF TOTAL</u> <u>LEVY</u>
Ashland	\$43.97	\$ 18,474	0.8
Green Bay	25.96	259,300	0.7
Milwaukee	40.12	271,157	0.1
Sheboygan	30.05	98,852	0.6
Superior (City)	21.08	1,071,757	10.2

Source: Bureau of Coastal Management, Wisconsin Department of Administration.
 Compiled from personal communications with local assessors.

5.0 Occupational Taxes on Coal and Petroleum

Wisconsin statutes provide for occupational taxes on a variety of port activities, including grain, coal, and taconite storage and transfer, and petroleum refining. These taxes were first imposed in the World War I era and were originally envisioned as a substitute for the personal property tax on business inventories. During the past two decades, as changes in trade patterns have concentrated the activities subject to occupational taxes in the port of Superior, the occupational taxes have come to be seen as financial assistance to an economically distressed region of the state. An analysis prepared by the Department of Administration in 1977, when new occupational taxes were imposed on taconite and other occupational tax rates were raised, pointed out that "occupational tax increases would not redistribute state tax dollars -- they would merely increase the share borne by interstate extractive industries of the cost imposed on Superior by servicing out-of-state markets with transshipment facilities."

In 1917, when the occupational tax on coal was instituted, Wisconsin ports (including the twin ports of Superior and Duluth) received 18.5 million tons of coal, much of it for transshipment to the Twin Cities and other inland markets. Eight Wisconsin ports handled 100,000 tons or more in 1917. The original tax rates were 1-1/2¢ per ton on bituminous coal (about 2/10 of one percent of the average 1917 delivered value), and 2¢ per ton on anthracite coal (about 3/10 of one percent of the average 1917 delivered value). In 1977, the tax was increased to its current level of 5¢ per ton on bituminous coal and 7¢ per ton on anthracite coal. Originally, the tax was collected each year based on receipts reported for the 12 months ending April 30 of the

reporting year. In 1977 the base period was changed to the preceding calendar year. The occupational taxes paid in 1976, for example, represented taxes on coal shipments received between May 1, 1974, and April 30, 1975. Occupational taxes paid in 1977 and succeeding years represent taxes on shipments for the preceding calendar year. Receipts from the occupational tax are shared according to the following formula: 70 percent to the municipality in which the dock is located, 20 percent to the county in which the dock is located, and 10 percent to the state general fund.

The occupational tax applies only to coal brokerages and transshipment terminals. Companies operating docks which receive coal for their own use only are exempt from the tax. The tax is, therefore, not collected on coal deliveries to lakeside power plants, such as Pulliam, Port Washington, and Valley, nor on coal deliveries to industrial docks such as the Fort Howard Paper Company in Green Bay or the Milwaukee Solvay Coke Company.

Two distinct movements of coal are currently subject to the occupational tax, the eastern and midwestern coal delivered to Wisconsin docks by lake vessel, and western coal delivered to the Superior Midwest Energy Terminal by rail for transshipment to Michigan power plants. At the current rate of 5¢ per ton on bituminous coal, the occupational tax represents about 1/10 of one percent of the value of eastern or midwestern coal delivered to docks in Wisconsin, and represents approximately 2/10 of one percent of the value of Montana coal delivered to the terminal in Superior. The tax on anthracite coal is of little significance, since total deliveries of anthracite to the state are presently less than 5,000 tons per year.

Wisconsin docks currently receive between 3-1/2 and 4 million tons of eastern and midwestern coal by vessel per year, of which approximately 1 million tons per year is subject to the occupational taxes. The Superior Midwest Energy Terminal currently receives more than 4 million tons of western coal per year, all of which is subject to the occupational tax. Occupational taxes on coal collected by municipality for the years 1974 to 1981 are presented in Table 5.1. The total occupational taxes collected have increased from less than \$20,000.00 per year in the early 1970s to \$245,000.00 in 1981. Virtually all of the increase has accrued to the City of Superior, which in 1981 accounted for more than 80% of the total occupational taxes collected on coal.

The second occupational tax applicable to coastal energy facilities is the tax on crude petroleum received at refineries. This tax was first imposed in 1957 at a rate of 2-1/2¢ per ton received. In 1977, the occupational tax on crude petroleum was doubled to 5¢ per ton, which represents approximately 2/100 of one percent of the present delivered cost of crude. Wisconsin's only petroleum refinery, operated by the Murphy Oil Company, is located in Superior. The amounts collected for the years 1974 to 1981 range from \$33,000.00 to \$87,000.00 (see Table 5.2). All of the receipts are retained by the collecting jurisdiction, the City of Superior.

TABLE 5.1
OCCUPATIONAL TAXES COLLECTED ON COAL DOCKS,
BY COLLECTING MUNICIPALITY, 1974-1981

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Ashland	\$ 4,595.21	\$ 4,448.00	\$ 3,447.66	\$ 2,044.92	\$ 6,670.75	\$ 9,302.65	\$ 15,931.95	\$ 11,946.55
Green Bay	7,076.97	5,738.71	5,929.33	5,195.83	24,666.09	20,590.12	26,009.55	19,625.20
La Crosse*	329.80	259.87	213.13	217.41	1,324.62	854.11	880.76	928.24
Manitowoc	1,820.00	1,592.64	1,717.23	2,178.24	6,708.20	3,435.85	3,138.85	2,675.15
Marinette	243.30	65.67	32.46	33.00	104.70	73.80	97.10	76.00
Milwaukee	1,827.46	990.54	296.59	864.08	873.41	1,433.57	756.47	2,930.62
Prairie du Chien*	37.50	17.93	.00	88.74	24.68	44.50	274.00	524.60
Racine	30.85	21.60	10.32	.00	.00	.00	.00	.00
Sheboygan	1,268.67	79.04	996.41	440.91	1,498.80	4,524.40	8,143.50	5,361.15
Superior	53.40	53.40	2,511.66	57,526.18	144,433.40	128,619.45	215,471.25	201,155.05
State Total	\$17,283.16	\$13,267.40	\$15,154.79	\$68,589.31	\$186,304.65	\$168,878.45	\$270,703.43	\$245,222.56

* Mississippi River Docks

Source: Bureau of Coastal Management, Wisconsin Department of Administration.

TABLE 5.2

OCCUPATIONAL TAXES COLLECTED ON PETROLEUM REFINERIES
CITY OF SUPERIOR, 1974-1981

1974	\$ 45,082.48
1975	32,540.55
1976	33,681.83
1977	39,768.05
1978	87,373.70
1979	59,670.75
1980	80,068.65
1981	64,799.30

Source: Bureau of Coastal Management, Wisconsin Department of Administration.

6.0 Distribution of Local Tax Revenues by Community

Local tax revenues from coastal energy facilities in 1981 are summarized in Tables 6.1 and 6.2.

Payments to municipalities totalled \$4,248,822 in 1981. The City of Superior was the largest single recipient with \$1,364,485, more than 32 percent of the total payments to municipalities. The Cities of Milwaukee and Oak Creek each received more than \$600,000. The City of Green Bay, the Town of Pleasant Prairie, and the Town of Carlton each received more than \$300,000.

Payments to counties totalled \$2,645,517. Kenosha County was the largest single recipient, with \$625,607, or almost 24 percent of the total payments to counties. Kewaunee and Milwaukee Counties each received more than \$500,000, and Manitowoc received almost \$500,000. All four of these counties benefited by the distribution of revenues under the utility portion of the shared tax formula.

TABLE 6.1

COASTAL ENERGY FACILITY TAX PAYMENTS TO COMMUNITIES, 1981

<u>COMMUNITY</u>	<u>SPECIAL UTILITY PAYMENTS</u>	<u>OCCUPATIONAL TAX PAYMENTS</u>	<u>LOCAL PROPERTY TAX PAYMENTS</u>	<u>TOTAL</u>
Ashland	\$ 23,939	\$ 8,363	\$ 18,474	\$ 50,776
Carlton	300,000	0	0	300,000
Green Bay	75,000	13,738	259,300	348,038
Manitowoc	4,473	1,872	9,546	15,892
Marinette	2,033	53	N/A	2,086
Milwaukee	412,574	2,051	271,157	685,782
Oak Creek	601,641	0	0	601,641
Pleasant Prairie	300,064	0	0	300,064
Port Washington	75,000	0	0	75,000
St. Francis	75,000	0	0	75,000
Sheboygan	171,153	3,753	98,852	273,758
Superior	77,099	215,629	1,071,757	1,364,485
Two Creeks	<u>156,300</u>	<u>0</u>	<u>0</u>	<u>156,300</u>
	\$2,274,276	\$245,460	\$1,729,086	\$4,248,822

Source: Bureau of Coastal Management, Wisconsin Department of Administration.

TABLE 6.2

COASTAL ENERGY FACILITY TAX PAYMENTS TO COUNTIES, 1981

	<u>SPECIAL UTILITY PAYMENTS</u>	<u>OCCUPATIONAL TAXES</u>	<u>TOTAL</u>
Ashland	\$ 17,447	\$ 2,389	\$ 19,836
Brown	75,000	3,925	78,925
Douglas	18,301	40,231	58,532
Kenosha	625,607	0	625,607
Kewaunee	602,738	0	602,738
Manitowoc	473,652	535	474,187
Marinette	41,922	15	41,937
Milwaukee	564,688	586	565,274
Ozaukee	75,000	0	75,000
Sheboygan	<u>102,409</u>	<u>1,072</u>	<u>103,481</u>
Total	\$2,596,764	\$48,753	\$2,645,517

Source: Bureau of Coastal Management, Wisconsin Department of Administration.

APPENDIX A

INVENTORY OF TAXABLE COASTAL ENERGY
FACILITIES, APRIL, 1982

COUNTY	CITY/TOWN	FACILITY TYPE	FACILITY NAME
Ashland	Ashland	Coal Dock	C. Reiss Coal Company
	Ashland	Power Plant	Bayfront (LSDP)
Bayfield	-----	-----	-----
Brown	Green Bay	Coal Dock	Port Howard Paper Company
	Green Bay	Coal Dock	Blue Line Coal Company
	Green Bay	Coal Dock	C. Reiss Coal Company
	Green Bay	Power Plant	Pulliam (WPSC)
	Green Bay	Pipeline Terminal Facilities	Amoco Oil Company
	Green Bay	Pipeline Terminal Facilities	Cities Service Oil
	Green Bay	Pipeline Terminal Facilities	Apex Oil Company
	Green Bay	Pipeline Terminal Facilities	Green Bay Products Terminal
	Green Bay	Pipeline Terminal Facilities	Green Bay Terminal, Inc.
	Green Bay	Pipeline Terminal Facilities	Koch Fuels, Inc. (ship only)
	Green Bay	Pipeline Terminal Facilities	Mobil Oil Corporation
	Green Bay	Pipeline Terminal Facilities	Fort Howard Paper Company (formerly Shell Oil Company, Inc.)
	Green Bay	Pipeline Terminal Facilities	U.S. Oil Company, Inc.
Door	Washington Island	Petroleum Storage/Transfer	Amoco Oil Company
		Power Plant	Washington Island Electric Coop
Douglas	Superior	Coal Dock	Superior Midwest Energy Terminal
	Superior	Power Plant	Winslow (SWPL)
	Superior	Petroleum Refinery & Terminal	Murphy Oil Corporation
	Superior	Pipeline Terminal Facilities	Amoco Oil Company
	Superior	Pipeline Terminal Facilities	Union Oil Company of California
	Superior	Pipeline Terminal Facilities	Lakehead Pipeline Company
	Superior	Pipeline Terminal Facilities	Williams Pipeline Company
Iron	-----	-----	-----
Kenosha	Pleasant Prairie	Power Plant	Pleasant Prairie (WEPCO)
Kewaunee	Carlton	Power Plant	Kewaunee (WPSC)
Manitowoc	Manitowoc	Coal Dock	C. Reiss Coal Company
	Manitowoc	Power Plant	Manitowoc (Municipal)
	Two Creeks	Power Plant	Point Beach (WEPCO)
	Two Rivers	Petroleum Storage/Transfer	U.S. Oil Company (served by ship)
Marinette	Marinette	Coal Dock	Marinette Fuel and Dock
		Power Plant	West Marinette (WPSC)
Milwaukee	Milwaukee	Coal Dock	Solvay Coke Company
	Milwaukee	Coal Dock	Hometown, Inc.
	Milwaukee	Coal Dock	Schneider Fuel
	Milwaukee	Power Plant	Commerce (WEPCO)
	Milwaukee	Power Plant	East Wells (WEPCO)
	Milwaukee	Power Plant	Valley (WEPCO)
	Milwaukee	Pipeline Terminal Facilities	Tanco Terminal
	Milwaukee	Pipeline Terminal Facilities	Jacobus Company (Milwaukee Liquid Lakes - also served by ship)
	Milwaukee	Petroleum Storage/Transfer	Schwerman Marine Terminal (ship only)
	Milwaukee	Pipeline Terminal Facilities	Mobil Oil Company
	Milwaukee	Pipeline Terminal Facilities	Shell Oil Company
	Milwaukee	Pipeline Terminal Facilities	Marathon Oil Company
	Oak Creek	Power Plant	Oak Creek (WEPCO)
	St. Francis	Power Plant	Lakeside (WEPCO)
Oconto	-----	-----	-----
Ozaukee	Port Washington	Power Plant	Port Washington (WEPCO)
Racine	Racine	Petroleum Storage/Transfer	W. H. Pugh Oil Company (served by ship)
Sheboygan	Sheboygan	Coal Dock	C. Reiss Coal Company
	Sheboygan	Power Plant	Edgewater (WPL)
	Sheboygan	Petroleum Storage/Transfer	C. Reiss Coal Company

Source: Bureau of Coastal Management, Wisconsin Department of Administration

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